

1 AN ACT concerning insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The State Employees Group Insurance Act of
5 1971 is amended by changing Section 6 as follows:

6 (5 ILCS 375/6) (from Ch. 127, par. 526)

7 Sec. 6. Program of health benefits.

8 (a) The program of health benefits shall provide for
9 protection against the financial costs of health care
10 expenses incurred in and out of hospital including basic
11 hospital-surgical-medical coverages. The program shall
12 include coverage for hearing evaluations, hearing aids, and
13 the dispensing and fitting of hearing aids. The program may
14 include, but shall not be limited to, such supplemental
15 coverages as out-patient diagnostic X-ray and laboratory
16 expenses, prescription drugs, dental services, hearing
17 evaluations, hearing aids, the dispensing and fitting of
18 hearing aids, and similar group benefits as are now or may
19 become available. However, nothing in this Act shall be
20 construed to permit, on or after July 1, 1980, the
21 non-contributory portion of any such program to include the
22 expenses of obtaining an abortion, induced miscarriage or
23 induced premature birth unless, in the opinion of a
24 physician, such procedures are necessary for the preservation
25 of the life of the woman seeking such treatment, or except an
26 induced premature birth intended to produce a live viable
27 child and such procedure is necessary for the health of the
28 mother or the unborn child. The program may also include
29 coverage for those who rely on treatment by prayer or
30 spiritual means alone for healing in accordance with the
31 tenets and practice of a recognized religious denomination.

1 The program of health benefits shall be designed by the
2 Director (1) to provide a reasonable relationship between the
3 benefits to be included and the expected distribution of
4 expenses of each such type to be incurred by the covered
5 members and dependents, (2) to specify, as covered benefits
6 and as optional benefits, the medical services of
7 practitioners in all categories licensed under the Medical
8 Practice Act of 1987, (3) to include reasonable controls,
9 which may include deductible and co-insurance provisions,
10 applicable to some or all of the benefits, or a coordination
11 of benefits provision, to prevent or minimize unnecessary
12 utilization of the various hospital, surgical and medical
13 expenses to be provided and to provide reasonable assurance
14 of stability of the program, and (4) to provide benefits to
15 the extent possible to members throughout the State, wherever
16 located, on an equitable basis. Notwithstanding any other
17 provision of this Section or Act, for all members or
18 dependents who are eligible for benefits under Social
19 Security or the Railroad Retirement system or who had
20 sufficient Medicare-covered government employment, the
21 Department shall reduce benefits which would otherwise be
22 paid by Medicare, by the amount of benefits for which the
23 member or dependents are eligible under Medicare, except that
24 such reduction in benefits shall apply only to those members
25 or dependents who (1) first become eligible for such medicare
26 coverage on or after the effective date of this amendatory
27 Act of 1992; or (2) are Medicare-eligible members or
28 dependents of a local government unit which began
29 participation in the program on or after July 1, 1992; or (3)
30 remain eligible for but no longer receive Medicare coverage
31 which they had been receiving on or after the effective date
32 of this amendatory Act of 1992.

33 Notwithstanding any other provisions of this Act, where a
34 covered member or dependents are eligible for benefits under

1 the federal Medicare health insurance program (Title XVIII of
2 the Social Security Act as added by Public Law 89-97, 89th
3 Congress), benefits paid under the State of Illinois program
4 or plan will be reduced by the amount of benefits paid by
5 Medicare. For members or dependents who are eligible for
6 benefits under Social Security or the Railroad Retirement
7 system or who had sufficient Medicare-covered government
8 employment, benefits shall be reduced by the amount for which
9 the member or dependent is eligible under Medicare, except
10 that such reduction in benefits shall apply only to those
11 members or dependents who (1) first become eligible for such
12 Medicare coverage on or after the effective date of this
13 amendatory Act of 1992; or (2) are Medicare-eligible members
14 or dependents of a local government unit which began
15 participation in the program on or after July 1, 1992; or (3)
16 remain eligible for, but no longer receive Medicare coverage
17 which they had been receiving on or after the effective date
18 of this amendatory Act of 1992. Premiums may be adjusted,
19 where applicable, to an amount deemed by the Director to be
20 reasonably consistent with any reduction of benefits.

21 (b) A member, not otherwise covered by this Act, who has
22 retired as a participating member under Article 2 of the
23 Illinois Pension Code but is ineligible for the retirement
24 annuity under Section 2-119 of the Illinois Pension Code,
25 shall pay the premiums for coverage, not exceeding the amount
26 paid by the State for the non-contributory coverage for other
27 members, under the group health benefits program under this
28 Act. The Director shall determine the premiums to be paid by
29 a member under this subsection (b).

30 (Source: P.A. 93-47, eff. 7-1-03.)

31 Section 10. The Illinois Insurance Code is amended by
32 adding Section 356z.6 as follows:

1 (215 ILCS 5/356z.6 new)

2 Sec. 356z.6. Coverage for hearing aids.

3 (a) An individual or group policy of accident and health
4 insurance or managed care plan that is amended, delivered,
5 issued, or renewed after the effective date of this
6 amendatory Act of the 93rd General Assembly must provide
7 coverage for the practice of fitting, dispensing, servicing,
8 or sale of hearing instruments or hearing aids by a hearing
9 instrument dispenser or other hearing care professional.

10 (b) As used in this Section:

11 "Hearing care professional" means a person who is a
12 licensed audiologist, a licensed hearing instrument
13 dispenser, or a licensed physician.

14 "Hearing instrument" or "hearing aid" means any
15 instrument or device designed, intended, or offered for the
16 purpose of improving a person's hearing and any parts,
17 attachments, or accessories, including earmold. Batteries,
18 cords, and individual or group auditory training devices and
19 any instrument or device used by a public utility in
20 providing telephone or other communication services are
21 excluded.

22 "Hearing instrument dispenser" means a person who is a
23 hearing care professional that engages in the selling,
24 practice of fitting, selecting, recommending, dispensing, or
25 servicing of hearing instruments or the testing for means of
26 hearing instrument selection or who advertises or displays a
27 sign or represents himself or herself as a person who
28 practices the testing, fitting, selecting, servicing,
29 dispensing, or selling of hearing instruments.

30 "Practice of fitting, dispensing, servicing, or sale of
31 hearing instruments" means the measurement of human hearing
32 with an audiometer, calibrated to the current American
33 National Standard Institute standards, for the purpose of
34 making selections, recommendations, adaptations, services, or

1 sales of hearing instruments including the making of earmolds
2 as a part of the hearing instrument.

3 "Sell" or "sale" means any transfer of title or of the
4 right to use by lease, bailment, or any other contract,
5 excluding wholesale transactions with distributors or
6 dealers.

7 (c) Coverage under this Section may be subject to the
8 same deductibles or co-payments generally applicable under
9 the policy or plan.

10 Section 15. The Health Maintenance Organization Act is
11 amended by changing Section 5-3 as follows:

12 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

13 Sec. 5-3. Insurance Code provisions.

14 (a) Health Maintenance Organizations shall be subject to
15 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
16 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
17 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
18 356y, 356z.2, 356z.4, 356z.5, 356z.6, 367.2, 367.2-5, 367i,
19 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402, 403, 403A,
20 408, 408.2, 409, 412, 444, and 444.1, paragraph (c) of
21 subsection (2) of Section 367, and Articles IIA, VIII 1/2,
22 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
23 Insurance Code.

24 (b) For purposes of the Illinois Insurance Code, except
25 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,
26 Health Maintenance Organizations in the following categories
27 are deemed to be "domestic companies":

28 (1) a corporation authorized under the Dental
29 Service Plan Act or the Voluntary Health Services Plans
30 Act;

31 (2) a corporation organized under the laws of this
32 State; or

1 (3) a corporation organized under the laws of
2 another state, 30% or more of the enrollees of which are
3 residents of this State, except a corporation subject to
4 substantially the same requirements in its state of
5 organization as is a "domestic company" under Article
6 VIII 1/2 of the Illinois Insurance Code.

7 (c) In considering the merger, consolidation, or other
8 acquisition of control of a Health Maintenance Organization
9 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

10 (1) the Director shall give primary consideration
11 to the continuation of benefits to enrollees and the
12 financial conditions of the acquired Health Maintenance
13 Organization after the merger, consolidation, or other
14 acquisition of control takes effect;

15 (2)(i) the criteria specified in subsection (1)(b)
16 of Section 131.8 of the Illinois Insurance Code shall not
17 apply and (ii) the Director, in making his determination
18 with respect to the merger, consolidation, or other
19 acquisition of control, need not take into account the
20 effect on competition of the merger, consolidation, or
21 other acquisition of control;

22 (3) the Director shall have the power to require
23 the following information:

24 (A) certification by an independent actuary of
25 the adequacy of the reserves of the Health
26 Maintenance Organization sought to be acquired;

27 (B) pro forma financial statements reflecting
28 the combined balance sheets of the acquiring company
29 and the Health Maintenance Organization sought to be
30 acquired as of the end of the preceding year and as
31 of a date 90 days prior to the acquisition, as well
32 as pro forma financial statements reflecting
33 projected combined operation for a period of 2
34 years;

1 (C) a pro forma business plan detailing an
2 acquiring party's plans with respect to the
3 operation of the Health Maintenance Organization
4 sought to be acquired for a period of not less than
5 3 years; and

6 (D) such other information as the Director
7 shall require.

8 (d) The provisions of Article VIII 1/2 of the Illinois
9 Insurance Code and this Section 5-3 shall apply to the sale
10 by any health maintenance organization of greater than 10% of
11 its enrollee population (including without limitation the
12 health maintenance organization's right, title, and interest
13 in and to its health care certificates).

14 (e) In considering any management contract or service
15 agreement subject to Section 141.1 of the Illinois Insurance
16 Code, the Director (i) shall, in addition to the criteria
17 specified in Section 141.2 of the Illinois Insurance Code,
18 take into account the effect of the management contract or
19 service agreement on the continuation of benefits to
20 enrollees and the financial condition of the health
21 maintenance organization to be managed or serviced, and (ii)
22 need not take into account the effect of the management
23 contract or service agreement on competition.

24 (f) Except for small employer groups as defined in the
25 Small Employer Rating, Renewability and Portability Health
26 Insurance Act and except for medicare supplement policies as
27 defined in Section 363 of the Illinois Insurance Code, a
28 Health Maintenance Organization may by contract agree with a
29 group or other enrollment unit to effect refunds or charge
30 additional premiums under the following terms and conditions:

31 (i) the amount of, and other terms and conditions
32 with respect to, the refund or additional premium are set
33 forth in the group or enrollment unit contract agreed in
34 advance of the period for which a refund is to be paid or

1 additional premium is to be charged (which period shall
2 not be less than one year); and

3 (ii) the amount of the refund or additional premium
4 shall not exceed 20% of the Health Maintenance
5 Organization's profitable or unprofitable experience with
6 respect to the group or other enrollment unit for the
7 period (and, for purposes of a refund or additional
8 premium, the profitable or unprofitable experience shall
9 be calculated taking into account a pro rata share of the
10 Health Maintenance Organization's administrative and
11 marketing expenses, but shall not include any refund to
12 be made or additional premium to be paid pursuant to this
13 subsection (f)). The Health Maintenance Organization and
14 the group or enrollment unit may agree that the
15 profitable or unprofitable experience may be calculated
16 taking into account the refund period and the immediately
17 preceding 2 plan years.

18 The Health Maintenance Organization shall include a
19 statement in the evidence of coverage issued to each enrollee
20 describing the possibility of a refund or additional premium,
21 and upon request of any group or enrollment unit, provide to
22 the group or enrollment unit a description of the method used
23 to calculate (1) the Health Maintenance Organization's
24 profitable experience with respect to the group or enrollment
25 unit and the resulting refund to the group or enrollment unit
26 or (2) the Health Maintenance Organization's unprofitable
27 experience with respect to the group or enrollment unit and
28 the resulting additional premium to be paid by the group or
29 enrollment unit.

30 In no event shall the Illinois Health Maintenance
31 Organization Guaranty Association be liable to pay any
32 contractual obligation of an insolvent organization to pay
33 any refund authorized under this Section.

34 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;

1 93-261, eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff.
2 8-14-03; revised 9-25-03.)

3 (215 ILCS 165/10) (from Ch. 32, par. 604)

4 Sec. 10. Application of Insurance Code provisions.
5 Health services plan corporations and all persons interested
6 therein or dealing therewith shall be subject to the
7 provisions of Articles IIA and XII 1/2 and Sections 3.1, 133,
8 140, 143, 143c, 149, 155.37, 354, 355.2, 356r, 356t, 356u,
9 356v, 356w, 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5,
10 356z.6, 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2,
11 and 412, and paragraphs (7) and (15) of Section 367 of the
12 Illinois Insurance Code.

13 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
14 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff.
15 1-1-04; 93-529, eff. 8-14-03; revised 9-25-03.)